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Business warned of Soviet spy efforts

BY A WASHINGTON TIMES STAFF WRITER

Attorney General William French Smith appealed to influential West Coast businessmen yesterday to guard against Soviet thefts of U.S. technology to improve their own military potential.

Through a vast espionage system directed by intelligence officials, Smith told the Commonwealth Club in San Francisco, the Soviets corrupt U.S. businessmen with favors and bribes to gain high-tech components they cannot develop themselves.

In a text made available here, Smith said the Commonwealth Club members live at the hub of a concentration of sensitive defense industries. He said 2,700 companies that work with classified information are located in California — 600 of them within 30 miles of San Francisco.

"We are therefore intensively studying the creation of a Critical Technologies Task Force here in Northern California" to coordinate efforts of U.S. attorneys, the FBI, the Commerce Department and the Customs Service to halt the flow of significant technology to the Soviets, Smith said.

Smith cited a "textbook" example that FBI Director William H. Webster recently gave of how the espionage can work:

"First, there is a chance social meeting, followed by...months or even years of careful cultivation of that social relationship. Then the unwary businessman is involved through gifts, loans or a personal favor. Finally, the moment of truth arrives. The hook is firmly set and confidential or classified information is requested."

After years of relaxed trade restraints with Russia in the 1970s during the "detente" era, Smith said, the government is working at highest levels to plug loopholes that allowed the Soviets to gain much valued technology legally, and to curb their continuing espionage.

President Reagan raised the issue at an international conference in Ottawa in July 1981, bringing about the creation of a Coordinating Committee for Multilateral Export Controls with Japan and most NATO countries, Smith said.

In this country, the Customs Service has begun "Operation Exodus," which coordinates intelligence, inspections and investigations here and abroad, Smith said. In one year, he said, Exodus detained 2,500 shipments for investigation and

made 800 seizures of goods valued at nearly \$56 million.

In addition, the CIA has created a Technology Transfer Intelligence Committee to gather information needed in the enforcement ranks.

"The intelligence community has concluded that the Soviets will continue their attempts to acquire a broad range of U.S. and Western technology throughout the 1980s," Smith said. "They (the Soviets) have targeted microelectronics, computers, communication, navigation and control, lasers and optics, shipbuilding, nuclear physics, manufacturing and micro-biology."

"These technologies are directly related to the Soviets' plans to improve their military weapons systems," Smith said.